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# 3 Iran-Contra Theories Await Inquiries by Counsel, Panels

## *Scenarios Are Fundamentally Different*

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### NEWS ANALYSIS

After three weeks of congressional hearings into the Iran-contra affair, three fundamentally different scenarios of what happened and why must now await the more comprehensive investigations next year by House and Senate select committees and independent counsel Lawrence E. Walsh.

Scenario No. 1, championed by the White House, holds that President Reagan in 1985 approved a secret National Security Council initiative seeking better relations with "moderates" in the regime of Ayatollah Ruhollah Khomeini. But Reagan opposed Israeli suggestions that U.S. arms be sold to Tehran as a sign of good faith that Iran would reciprocate by seeking the release of U.S. hostages held in Lebanon by the pro-Iranian Islamic Jihad extremists.

After Israeli shipments were made in September 1985, and the Rev. Benjamin Weir was released, however, Reagan condoned the arms transfers, according to this first scenario. Several months later, the president approved an intelligence "finding" authorizing direct shipment of a small amount of U.S. arms from American military stocks, but only as a signal to help the moderates gain influence in the Khomeini government. The diversion of profits from those sales was orchestrated solely by Lt. Col. Oliver L. North and was unknown to Reagan until he was informed in late November by Attorney General Edwin Meese III.

Scenario No. 2 holds that Reagan approved a broad Iran initiative but that it quickly degenerated into solely an arms-for-hostages deal, encouraged by Israeli officials and the middlemen representing Tehran. Reagan explicitly approved the Israeli shipments before the fact,

and when that approach failed to get all the hostages out, he brushed aside the warnings of his most senior advisers to follow the even more hazardous course of shipping arms directly. He was unaware of money funneled to support the contras, a target of opportunity since North was handling both the clandestine arms sales and fund-raising efforts for the contras.

Scenario No. 3 holds that the White House initiative from the beginning was primarily considered a means of freeing the hostages by the president and his close aides. Reagan authorized the Israeli arms sales and, eventually, shipments directly from U.S. stocks, and deliberately kept Congress uninformed. He probably knew at least vaguely about the skimming of funds for the contras. North was basically following broad orders approved by more senior officials in the White House and Central Intelligence Agency.

Last month, after the first public disclosures of the secret Iran initiative, the White House attempted to prevent further damage by claiming that continued news accounts would jeopardize the impending release of other hostages. Subsequent disclosures of information and documents to congressional committees have been so minimal—basically coming only when disclosure was unavoidable—as to suggest a serious cover-up, according to this third scenario.

Regardless of which camp they fall into, most members of Congress who have been involved in the past three weeks of investigations agree with Sen. Orrin G. Hatch (R-Utah), a member of the Senate Select Committee on Intelligence, who said, "The policy was not well thought through . . . . Anybody who looks at this has to believe these [administration] people were well-motivated. But anybody with brains would know you're dealing with people [in Iran] antithetical to the United States and most likely to leak . . . . Good inten-

tions and hope for success outweighed careful planning."

Another member of the panel, Sen. William S. Cohen (R-Maine), added, "We knew the risks, but they were outweighed by the strategic considerations and the chance to get the hostages out."

Sen. Robert J. Dole (R-Kan.), the outgoing Senate majority leader, believes there may be more shocking disclosures to come when the select committees and Walsh investigate: "You never know what North or [retired major general Richard V.] Secord might say." North and Secord, who has been linked to both the arms shipments to Tehran and the contras, are among several witnesses who invoked the Fifth Amendment rather than testify.

There are facts and fragments of evidence supporting each of the three working hypotheses described above, but events of the past 18 months are still too murky to completely confirm or discount any one scenario. The mysteries over precisely what happened center largely on five critical periods.

**The Beginning.** There is conflicting sworn testimony from White House chief of staff Donald T.

Regan and former national security adviser Robert C. McFarlane over what Reagan's role was in authorizing the first shipment of U.S. arms by Israel in September 1985. Regan swore that Reagan disapproved the Israeli move when it was first presented to him, condoning it later only in order to avoid making it public. McFarlane said in four Capitol Hill appearances that Reagan in August 1985 approved the Israeli proposal.

What makes this disagreement even more pointed is the intense mutual dislike McFarlane and Regan are known to share. McFarlane reportedly quit his post because Regan wanted to control national security affairs; Regan bluntly criticized McFarlane's Iran initiative, telling his staff in late November that "when you give lousy advice, you get lousy results."

The Israeli-run phase ended in December, after a November shipment of 18 Hawk antiaircraft missile batteries was rejected by Tehran because the Israelis had sent obsolete equipment. At that time, McFarlane told a meeting of Israeli

and Iranian middlemen that the president wanted to get the hostages out and continue the diplomatic dialogue, but it would not be accompanied by arms shipments.

**The Restart.** Between mid-December 1985 and Jan. 7, 1986, Iranian and Israeli middlemen urged the White House to continue the program. Reagan decided that there was still the prospect of success with Tehran if he authorized additional arms shipments. Dole described this period as "another gray area," and Sen. Thomas F. Eagleton (D-Mo.), a member of the intelligence committee, said, "It's not crystal clear who pressed for renewal."

What does seem clear, however, is that at a White House meeting on

Jan. 7, Secretary of State George P. Shultz and Defense Secretary Caspar W. Weinberger opposed sending additional arms to Iran.

The next 10 days were crucial both in terms of arms to Iran and the diversion of funds to the Nicaraguan contras. In that time frame, Reagan not only decided to approve a secret intelligence finding that authorized the arms shipments, he also ordered that the operation not be disclosed to Congress, and Shultz and Weinberger also were kept in the dark.

In addition, according to some Israeli and U.S. sources, the program was structured so that the price charged the Iranians for the American weapons was so high that it allowed some of the funds to be skimmed off and diverted to support the contras. CIA Director William J. Casey and his general counsel at the time, Stanley Sporkin, now a federal judge, were said to be key to these decisions. Another key CIA operative, Duane (Dewey) Clarridge, who worked with North on the contra program, was also involved at this time as the chief of the agency's counterterrorism unit that handled the Iran operation.

Dole said his "gut feeling" was that the priority of the decision in January to restart the arms shipments "was to get the hostages out," and that the generating of funds "was a consequence but not a priority."

Cohen said, "There is not a shred of evidence that the president authorized [the diversion to support the contras] or knew about it."

On the other hand, he pointed out that North was both a fund-raiser for the contras and an arms seller to the Iranians, and at some point those two tasks might have merged.

All those interviewed agreed that not enough is yet known of this period and that the testimony of North and a former national security adviser, Vice Adm. John M. Poindexter, could go far in making the basic facts known.

Shortly after the president signed an intelligence finding dated Jan. 17, authorizing renewed clandestine sales of American military equipment to Tehran, a package deal was put together that involved Swiss bank accounts, international financiers including Saudi tycoon Adnan Khashoggi, and secret arms deliveries and hostage releases.

**McFarlane Mission.** On May 28, McFarlane, North and others landed at Tehran in an airplane carrying Hawk antiaircraft missile spare parts on a secret mission. They expected to open a diplomatic dialogue with Iranian political leaders based on what the Americans considered to be a completed deal.

McFarlane, for example, had been led to believe by Poindexter that the four remaining U.S. hostages held by the Islamic Jihad in Lebanon would have been released. They were not, and two remaining arms shipments were held up while McFarlane went back to negotiating the hostages' release.

When more arms were demanded, McFarlane left and returned to Washington where he told Reagan the initiative should be ended. It wasn't, however, and again the public record on this episode remains incomplete.

**The Second Restart.** In early July, a partial shipment to Iran of U.S. arms was made and on July 26, the Rev. Lawrence M. Jenco was released. Another partial shipment went in August, but no hostage appeared. The United States dropped middleman Manucher Ghorbanifar, who was replaced by a Tehran political figure recognized for his close contacts in the Khomeini government. How the new middleman, whose identity is still not known publicly, was brought into the picture is still unclear.

**Climax.** In September and October, three more Americans were taken hostage in Beirut. On Oct. 5, a contra resupply plane was shot down over Nicaragua and the capture of crew member Eugene Hasenfus focused new attention on whether the administration was providing military aid to Nicaraguan rebels in defiance of Congress.

By this time, the secret Iran initiative was being pressured from several directions. One financier of

the arms shipments complained to Casey that a lawsuit could be on the horizon if he and his colleagues did not get their money, particularly if it turned out that some of those funds had been channeled into Central America. A Beirut magazine was about to receive information on McFarlane's trip to Tehran, which it would publish on Nov. 1.

North made one last effort that resulted in the freeing of David P. Jacobsen on Nov. 2, but not the two others held by the Islamic Jihad or the three Americans who were kidnapped in the fall.

In the wake of the initial public disclosures, neither the president nor Regan apparently questioned Poindexter or North about the operation. Instead, the president and his advisers took the position that the matter should not be discussed. Shultz and State Department officials, however, disassociated themselves from the White House and left it to Reagan and his aides to explain the situation.

A Nov. 13 Reagan speech and a news conference a week later drew attention to the fact that U.S. arms were sold rather than given to Iran, leading reporters and legislators to inquire where the money went.

When Meese disclosed on Nov. 25 the skimming of funds to aid the contras, he described what had occurred based on what he later told congressional panels was limited questioning of North and a five-minute conversation with Poindexter.

"Arms for hostages was the focal point of pressure that hit at the heart of a president like Ronald Reagan," Hatch said. "His heart is exceptional and sometimes it gets him in trouble."

Staff writers David S. Broder, Edward Walsh, Dale Russakoff and Tom Kenworthy contributed to this report.